

Do Rural Development Policies Really Help Small Farms? A Reflection from Italy

Les politiques de développement rural aident-elles vraiment les petites exploitations ? Une réflexion italienne

Hilft die Politik zur Entwicklung des ländlichen Raums wirklich den kleinen landwirtschaftlichen Betrieben? Eine Betrachtung aus Italien

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The gap between the content of policy discourses and policy implementation is a recurring theme in the study of changing models of public intervention (Erjavec and Erjavec, 2015). In the field of agricultural policies, a large body of literature has addressed the resilience of the productivist approach (Lowe and Baldock, 2000). However, the policy discourses that have accompanied a cycle of 30-year reforms seem to have enshrined a multifunctional approach to the development of European agriculture.

In the productivist vision, productivity, specialisation and standardisation are supported, while in the multifunctional approach the interaction between agricultural, environmental and territorial policies becomes central. Part of this perspective in Europe has been realised thanks to a slow but significant reform process that has changed the face of public intervention in the agricultural sector, and on which many questions still remain. Over the course of the reforms, the CAP has been transformed and measures have been introduced to help farms move towards a multifunctional paradigm, introducing the concept of cross-compliance in 2003 and a series of mandatory rules to access public support. In addition, many other actions have been applied. For example, the introduction of measures towards ecological transition, such as Organic Farming, Greening and agri-environmental measures; or those that follow citizens' demands, such as improving animal welfare and the very recent introduction of social

cross-compliance, which aims to improve farmers' working conditions. Among these, an issue that is often overlooked is the role of small farms, whose weight, especially in the Mediterranean area, is significant in terms of numbers, work generated and ecosystem services provided to rural and peri-urban areas (Guiomar *et al.*, 2018).

The economic, environmental and social importance of these farmers came to the fore during the Covid-19 pandemic (Laborde *et al.*, 2020). Nevertheless, these farmers are facing difficulties in accessing Rural Development (RD) programmes, the set of interventions made available by European Member States (MS) to

promote the balanced development of rural areas and agricultural systems.

The national (and regional) implementation of RD plans has so far set access thresholds and procedural constraints that have effectively excluded small farmers from the pool of potential beneficiaries of RD measures. This has limited them in the implementation of local development strategies. This is mainly due to a cultural heritage that keeps the criteria for selecting beneficiaries anchored to a productivist vision of public intervention in agriculture, oriented to identify the efficiency of the intervention with the possibility of achieving economies of scale. This type of



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The construction of a national strategy for rural areas requires specific attention to the universe of small farms.

approach, parametric (statistical) and not contextualised to agricultural development, neglects the values generated by the link between agriculture and the territory. These values are encoded in quality systems, in the recognition of related activities and in the realisation of environmental and social benefits that have no connection with the farm scale.

The barriers that hinder the access of small farms to RD funds are not written into the regulations. They are part of the implementation practice in place in MS that set a minimum economic size below which small farmers cannot be identified as beneficiaries. The reference parameter is the Standard Output (SO), which is the average monetary value of the agricultural output at the farm-gate price of each agricultural product in a given region. It is calculated by each MS per hectare or per head of livestock and the economic size of the holding is measured as the total farm SO expressed in euros.

It is, therefore, a standardised measure somewhat unrelated to the farms' ability to produce income. Referring to the SO means considering agricultural products as commodities, ignoring the potential for diversification inherent in the concept of multifunctionality and severely limiting the integration between the farm's resources and those of the territory in which it operates. Where

the presence of small farms is widespread, this approach greatly reduces the economic, social and environmental benefits that should be promoted by agriculture in the perspective supported by the European legislator.

Today, in a policy framework renewed by both the launch of the Green Deal and the reform of the CAP for the period 2023–2027, a greater focus should be placed on the contribution of small farms to the ecological and social transitions of the coming years. Also pushing towards this is the development of national plans through which to contextualise agricultural policies, the so-called 'new delivery model'. With this model, MS have the possibility, within a common framework of rules,



The measurement of farm performance in Italy on the basis of land area and head of livestock does not capture the real value generated by farmers.

to adapt *public intervention in agriculture to the specific needs of the areas involved.*

This opportunity should be seized, especially where family farming is the predominant form of agriculture (in the Mediterranean area for example, but also in many areas of Eastern Europe), in order to enhance – not disperse – their valuable contribution. In this regard, European Agriculture Commissioner Wojciechowski has also expressed criticism of the CAP's historical approach towards small farms (EurActiv, 2021), stressing that, even today, family farms are little involved in Brussels' support policies for the sector.

“ Die kleinen landwirtschaftlichen Betriebe sind positive Protagonisten in der Beziehung zwischen Landwirtschaft und der Region. ”

However, more than a denunciation, the Commissioner's intervention seemed to be an exhortation at a crucial time for the future of the CAP, in which MS are called upon, with unprecedented autonomy and flexibility, to develop strategies for the future of the agricultural sector and their rural areas. Prior to this intervention, numerous voices in both the policy and scientific communities (Vigani and Dwyer, 2020) have

been raised both to emphasise the crucial role of these actors in building a sustainable European society and to call for greater and more specific attention to them by the CAP. Among these, the European Parliament adopted a specific resolution (European Parliament, 2014) with which it invited the MS and the Commission, within the framework of the new CAP, to adopt appropriate measures that take greater account of the specific needs of small family-run farms. The European Parliament underlined that these farms represent an important element of the European agricultural model and that they are at the heart of the multifunctional development of rural areas and the sustainable development of the regions in general.

“ Les petites exploitations ont un rôle positif dans la relation entre l’agriculture et le territoire. ”

In the context of the activities promoted by the European Parliament, it is worth mentioning the recent study commissioned on the risk of agricultural land abandonment (Schuh *et al.*, 2020). From this it emerged that about 30 per cent (approximately 56 million ha) of European agricultural land is at risk of abandonment and that this phenomenon is mainly determined by the disappearance of small farms, especially in the most marginal and remote areas of the EU. The decline of small-scale agriculture in these areas has led to the removal of important ecosystems and landscape services.

The ability of small farms and their families to integrate and mobilise land resources is vital especially in these areas. This is certainly the case in Italy, where these realities have given life to a multifaceted entrepreneurial fabric on which rests a substantial part of the national agritourism network, including a significant share of the supply of the high-quality products: Protected Designation of Origin (PDO), Protected Geographical Indication (PGI) and organic products (Rivera *et al.*, 2020).

To think of supporting RD strategies while ignoring the existence of this capillary farm network is a paradox that should soon be remedied.

So, what is the discussion about?

There are many studies that emphasise the importance of integrating the issue of small farms into the broader European policy agenda for RD and territorial cohesion (e.g. Dwyer, 2014). Their contributions help us to support our critique on the current system of RD policy implementation, which suffers from two major limitations:

- The exclusion of small farms from the benefits of the RD measures; and
- The difficulty of access even for those who qualify, since they are subject to the same procedures and performance indicators as larger farms.

Empirical evidence tells us that the presence of small entities is essential to mobilise resources additional to those of the commercial sector. We are talking about *collective services* that are

the expression of exchanges within the territory; these promote innovative business models whose real value is only partially captured by official statistics and is completely excluded from efficiency evaluations used today in the practice of RD policies.

Small farms are seen differently by productivist and multifunctional paradigms. In the former, small farms could be considered marginal and destined ultimately to disappear along the road of compression of production costs. In the second, they show, on the contrary, a significant ability to create value, through complex strategies of adaptation of the family business to the socio-economic context and to territorial opportunities. Therefore, it is not only a question of recognising the role of small farmers through policies, but also of making measures accessible.

The ‘number’ of small farmers in Italy

The role of small farmers has a particular relevance for Italy, partly in common with other EU countries

Table 1: Farm numbers, Utilised Agricultural Area (UAA) and Labour on a regional basis of farms (working day with SO below 15,000 euros)

Region	Number (% of the total farms)	UAA (%)	Working day (%)
Apulia	78.7	29.6	34.5
Molise	76.7	33.4	57.7
Calabria	74.7	28.4	43.4
Umbria	73.8	24.8	46.3
Basilicata	73.5	26.1	37.5
Abruzzo	70.7	25.0	41.2
Liguria	70.7	24.5	40.7
Lazio	68.8	19.6	37.2
Sicily	66.7	23.0	27.7
Campania	66.4	30.4	25.7
Marche	64.1	21.5	29.6
ITALY	63.9	17.7	27.6
Valle d’Aosta	63.5	9.5	35.3
Tuscany	59.6	14.6	26.5
Friuli-Venezia Giulia	59.4	15.3	15.4
Veneto	52.4	14.0	19.2
Sardinia	47.9	8.2	21.1
Emilia-Romagna	41.9	9.7	12.8
Piedmont	40.8	7.1	19.8
Trento	37.6	5.8	21.2
Lombardy	36.0	4.9	13.9
Bolzano	35.6	12.2	27.2

Note: The economic size of the farm expressed in Standard Output is determined by the sum of the Standard Productions (SP) of each productive activity carried out on the farm (expressed in euros). For a complete description of the calculation please refer to: <https://rica.crea.gov.it/produzioni-standard-ps-210.php>

bordering the Mediterranean and to some Eastern European areas.

The most up-to-date data that can be used, while waiting for the 2020 census data, which are not yet available, is that of the survey carried out by Istat in 2016 (Istat, 2016) on the structure and production of farms (SPA). The selected sample consists of farms with SO less than €15,000. In fact, this is the minimum threshold, conventionally defined in Italy, for the access of farms to RD measures.

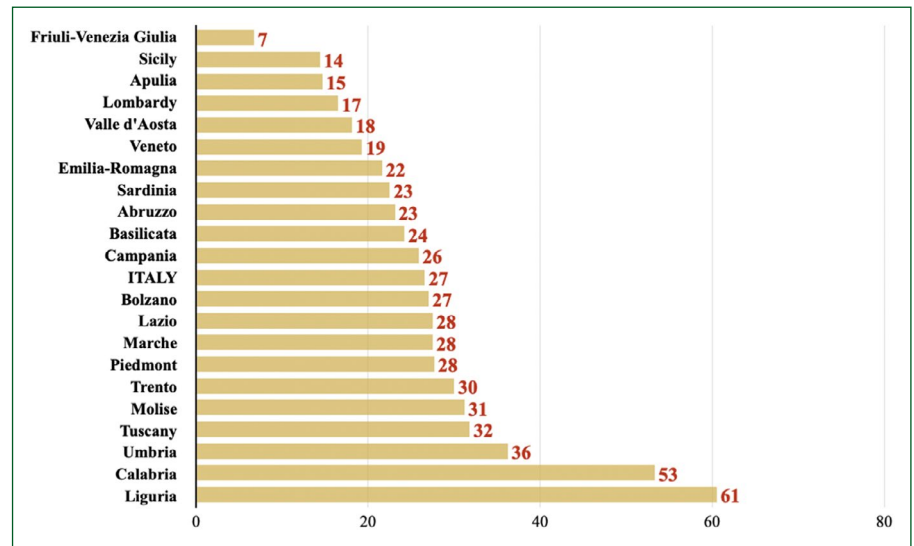
In Italy, there are 732,198 farms with an annual SO of less than €15,000, representing almost 64 per cent of the total number of farms in Italy. The highest incidence of small farms is recorded in the southern regions, which contain a weight of small farms well above the national average, particularly in Apulia (78.7 per cent), Molise (76.7 per cent), Calabria (74.7 per cent) and Basilicata (73.5 per cent).

On the other hand, if we look at the data on the percentage of UAA of small farms, this represents only 17.7 per cent of the total (Table 1).

In terms of working days (working day – defined as a day of not less than 8 hours of work), small farms account for about 28 per cent of the total in Italian agriculture; the regional distribution shows very significant values, particularly in Molise (57.7 per cent), Tuscany (46.3 per cent) and Calabria (43.4 per cent).

Finally, if we look at the dimension of multifunctionality, the figures show how small farms are positive protagonists in the relationship between agriculture and the territory. The available data show how the business strategies of farming families have found opportunities for continuity and growth in the multifunctional paradigm. These include economic functions (diversification, on-farm processing, direct sales, agritourism) aimed at creating greater added value for the farm and the territory; and also social functions – linked, for example, to the provision of health, social and educational services – and environmental ones that include a wide range of eco-systemic services generated by small farms. Figure 1 shows the share of multifunctional activities managed by small farms in each region of Italy.

Figure 1: Multifunctional activities of small farmers (% of the total multifunctional activities)



As far as health and socio-educational services associated with agriculture are concerned, the national data tell us that 20 per cent are provided by networks of small farmers, concentrated in particular in some regions. In Piedmont, the network of small farmers accounts for 65 per cent of the total number of farms offering these services. In the province of Bolzano, this value rises to 80 per cent, while in Lombardy, Veneto and Emilia Romagna it exceeds 40 per cent. Even more marked is the weight of this business universe with respect to agritourism activities, with a coverage of about 25 per cent of the entire national network.

“ Small farms are positive protagonists in the relationship between agriculture and the territory. ”

The highest peaks are in Valle d'Aosta (91 per cent), Umbria (48 per cent), Liguria (47 per cent) and Piedmont (37 per cent). Still on the subject of the ability to build value in the territory, the widespread presence of processing activities within small businesses should be noted. Compared to the total number of Italian farms that have organised

processing activities, small farms account for about one third (31 per cent). Finally, the data on the production of renewable energy is also surprising: small farms represent 20 per cent of the farmers producing sustainable energy in Italy.

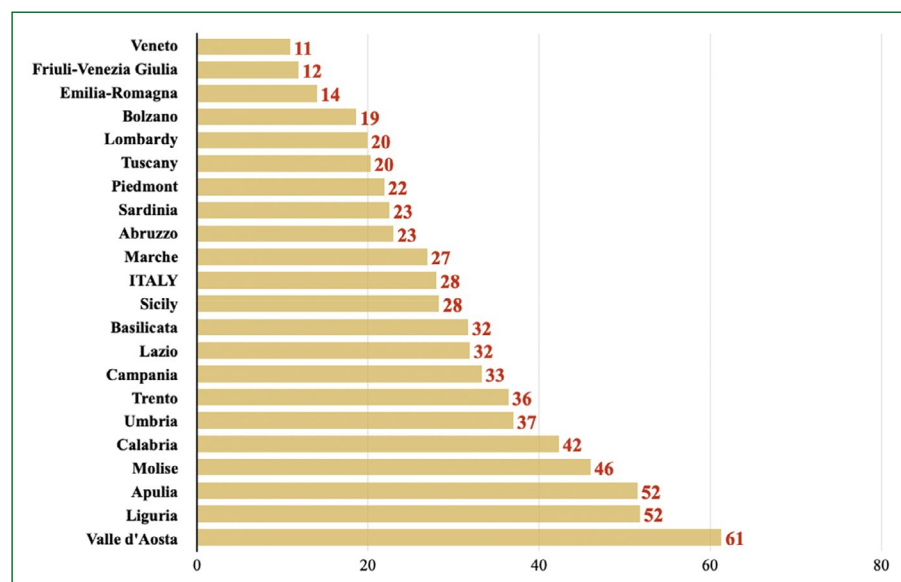
In addition, it should be noted that the issue of quality also highlights the protagonism of small farms in the construction of multifunctional business styles. These farms are reacting to the margin squeeze generated by the reduced scale (the so-called price-costs squeeze phenomenon) (Van der Ploeg, 2000), capitalising in farm strategies not only the opportunities for diversification, but also those generated by the demand for quality products, such as designations of origin and organic production. Belonging to these circuits distinguishes these farms, especially in some regions (Figure 2).

Equity for small farms in Italy

The activities of small farms as defined here have a significant weight in the national agricultural landscape, not only in economic terms, but also in environmental and social terms, as shown clearly in this article. In the light of the multifunctional paradigm, the use of SO as a measure for access to RD benefits is clearly anachronistic.

The measurement of farm performance in Italy on the basis of

Figure 2: Small farms by region with organic or certified quality production (PDO and PGI) (% of total farms)



surface area and head of livestock does not permit the capture of the real values generated by farmers and should be revised. But how? By extending the pool of potential beneficiaries to all active farmers and

evaluating their business development and environmental projects based on their specific content and their market and non-market values. Furthermore, if we agree with the need to involve this large portion of

agriculture in RD strategies, it is necessary not only to define new criteria to determine the eligibility of farmers, but also to design a simplified intervention scheme, which means a streamlined procedure that on the one hand reduces administrative costs and on the other simplifies the formalities in order to access public support. The realisation of such a scheme implies the need for an *ad hoc* measure for small farms, as recent studies have highlighted (Toma *et al.*, 2021). The option of having these farms compete in the same arena as larger ones that opt for financially more voluminous development projects is, in fact, impractical, both because it would be difficult to make different procedures coexist on the same measures and the same funds, and because in fact the combination of simplified procedures and investment ceilings is more suited to be managed through a dedicated measure, with specific resources.

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Summary


Do Rural Development Policies Really Help Small Farms? A Reflection from Italy

 Although research and political intentions both recognise the crucial role of small farms in Rural Development (RD) strategies, in actual practice they are left out of the benefits of agricultural policies. This is not established by legislative or regulatory prescriptions. It is the result of consolidated practices driven by the productivist approach to agricultural development, overtaken by the concept of multifunctionality, which has inspired European intervention in the agricultural sector and rural areas for more than twenty years. This is particularly evident in Italy, where the weight of small farms is extremely significant in terms of numbers, farmland area and work generated. The continuity of small farms in Italy is of fundamental importance due to their economic, environmental and social relevance to the objective of reconnecting agriculture and territories in a circular vision of RD. Despite this crucial role, these farms have historically had great difficulty accessing RD programmes due to the national or regional implementation of these plans, which set access thresholds and procedural constraints that effectively exclude small farmers. The construction of a national strategy for rural areas requires specific attention to the universe of small farms, which should be included within the perimeter of the potential beneficiaries of RD policies.

Les politiques de développement rural aident-elles vraiment les petites exploitations ? Une réflexion italienne

 Bien que la recherche et les intentions politiques reconnaissent toutes deux le rôle crucial des petites exploitations dans les stratégies de développement rural (DR), dans la pratique, elles sont exclues des avantages des politiques agricoles. Ceci n'est pas établi par des prescriptions législatives ou réglementaires. C'est le résultat de pratiques consolidées portées par l'approche productiviste du développement agricole, dépassée par le concept de multifonctionnalité qui a inspiré l'intervention européenne dans le secteur agricole et les zones rurales depuis plus de vingt ans. C'est particulièrement évident en Italie, où le poids des petites exploitations est extrêmement important en termes d'effectifs, de superficie foncière et de création d'emploi. La continuité des petites exploitations en Italie est d'une importance fondamentale en raison de leur pertinence économique, environnementale et sociale pour l'objectif de reconnecter agriculture et territoires dans une vision circulaire du DR. Malgré ce rôle crucial, ces exploitations ont historiquement eu de grandes difficultés à accéder aux programmes de DR en raison de la mise en œuvre nationale ou régionale de ces plans, qui fixent des seuils d'accès et des contraintes procédurales qui excluent effectivement les petits agriculteurs. La construction d'une stratégie nationale pour les zones rurales nécessite une attention particulière à l'univers des petites exploitations agricoles, qui doivent être incluses dans le périmètre des bénéficiaires potentiels des politiques de DR.

Hilft die Politik zur Entwicklung des ländlichen Raums wirklich den kleinen landwirtschaftlichen Betrieben? Eine Betrachtung aus Italien

 Sowohl in der Forschung als auch in der Politik wird anerkannt, dass kleine landwirtschaftliche Betriebe in den Strategien zur Entwicklung des ländlichen Raums eine entscheidende Rolle spielen. Dennoch werden sie in der Praxis von den Vorteilen der Agrarpolitik ausgeschlossen. Dies ist nicht auf legislative oder regulatorische Vorschriften zurückzuführen. Es ist das Ergebnis gefestigter Vorgehensweisen, die von einem auf der Produktivität ausgerichteten Ansatz zur landwirtschaftlichen Entwicklung bestimmt werden. Dieser Ansatz wurde vom Konzept der Multifunktionalität überholt, welches die europäischen Maßnahmen im Agrarsektor und in den ländlichen Gebieten seit mehr als zwanzig Jahren bestimmt. Besonders deutlich wird dies in Italien, wo die kleinen landwirtschaftlichen Betriebe in Bezug auf ihre Zahl, ihre Fläche und der von ihnen geleisteten Arbeit ein sehr großes Gewicht haben. Der Fortbestand der kleinen landwirtschaftlichen Betriebe in Italien spielt aufgrund ihrer wirtschaftlichen, ökologischen und sozialen Bedeutung für das Ziel, die Landwirtschaft und die Regionen im Rahmen einer „zirkulären Vision“ für die ländliche Entwicklung wieder miteinander zu verbinden eine entscheidende Rolle. Dessen ungeachtet hatten diese Betriebe in der Vergangenheit große Schwierigkeiten beim Zugang zu den Programmen für die ländliche Entwicklung. Dies ist darauf zurückzuführen, dass bei der Umsetzung der Pläne auf nationaler oder regionaler Ebene Zugangsschwellen und verfahrenstechnische Beschränkungen festgelegt wurden, die die kleinen landwirtschaftlichen Betriebe effektiv ausschließen. Die Ausarbeitung einer nationalen Strategie für den ländlichen Raum erfordert eine besondere Berücksichtigung der kleinen landwirtschaftlichen Betriebe, die in den Kreis der potenziellen Begünstigten der Politik zur Entwicklung des ländlichen Raums aufgenommen werden sollten.